

**STATE OF CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY
GRAY DAVIS, GOVERNOR**

**CALIFORNIA DEPARTMENT
OF ALCOHOL AND DRUG PROGRAMS**

**HIGHLIGHTS OF THE
BUDGET ACT
FISCAL YEAR 2002-03**

SEPTEMBER 2002

DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
BUDGET ACT
FISCAL YEAR 2002-03
- HIGHLIGHTS -

TOTAL BUDGET

The Department of Alcohol and Drug Programs' (ADP) budget for Fiscal Year (FY) 2002-03 is \$577.8 million. Of this amount, \$541.7 million (93.8%) is for local governments and communities to provide treatment, recovery, and prevention services; and \$36.1 million (6.2%) is for State Support [Exhibit A]. The budget authorizes 353 positions for ADP. This is an increase of 0.8 positions due to a combination of expiring limited-term positions and the addition of two positions for activities associated with the Drug Court Partnership Act of 2002.

GENERAL FUND

The budget appropriates \$116.7 million (20.2% of the total budget) in State General Fund (SGF) for ADP programs [Exhibit B]. Of the total SGF dollars, \$110.7 million (94.9%) is for Local Assistance and \$6.0 million (5.1%) is for State Support [Exhibit C]. The total SGF budget includes \$18.3 million for Non-Drug Medi-Cal Regular and \$23.5 million for Non-Drug Medi-Cal Perinatal Programs. The SGF also includes funding for Drug Medi-Cal Regular and Perinatal Programs, the Drug Court Partnership Act, the Comprehensive Drug Court Implementation Act, and the Health Insurance Portability and Accountability Act (HIPAA), discussed below in more detail.

GENERAL FUND LOCAL ASSISTANCE REDUCTIONS

The budget for FY 2002-03 reflects the following permanent SGF reductions in Local Assistance:

- \$7.5 million SGF in Non-Drug Medi-Cal Alcohol and Other Drug Services Program
- \$2.5 million SGF in Non-Drug Medi-Cal Perinatal Program
- \$0.8 million SGF for Technical Assistance Contracts.

\$10.8 million SGF in Total Local Assistance Reductions

SUBSTANCE ABUSE TREATMENT TRUST FUND (PROPOSITION 36)

The budget continues to include \$120.0 million (20.8% of the total budget) from the Substance Abuse Treatment Trust Fund (SATTf) in support of Proposition 36 activities [Exhibit B]. Of the total SATTf dollars, \$117.0 million (97.5%) is for Local Assistance and \$3.0 million (2.5%) is for State Support [Exhibit C].

FEDERAL FUNDS

The budget includes \$268.5 million in Federal Trust Funds, which represents 46.5% of the total budget [Exhibit B]. Of this amount, the net Substance Abuse Prevention and Treatment (SAPT) Block Grant is \$257.5 million [Exhibit C]. The net SAPT dollars include the \$2 million transfer to the Department of Health Services in compliance with the requirements established for the Sale of Tobacco to Minor Control Account. Of the net SAPT dollars, \$240.9 million is for Local Assistance and \$16.6 million is for State Support. With respect to the Safe and Drug Free Schools and Communities (SDFSC) Grant, the budget includes \$10.6 million, of which \$8.7 million is for Local Assistance and \$1.9 million is for State Support [Exhibit C].

SAPT Block Grant Increase Spring Finance Letter

Discretionary funds from ADP's SAPT Block Grant Increase Spring Finance Letter (SFL) are earmarked for the following programs:

- \$1.5 million for the Non-Drug Medi-Cal Perinatal Program
- \$0.8 million for the Technical Assistance Contracts

The budget also includes ADP's SFL request for \$1.9 million for the California Outcomes Measurement System (Cal-OMS) project implementation and \$150,000 for Cal-OMS maintenance. The use of these funds is contingent on approval of the pending Feasibility Study Report.

In addition, \$8.9 million is earmarked for Local Assistance county discretionary purposes, \$3.1 million is identified for the required 20% Prevention Set-Aside, and \$0.8 million is for the required 5% HIV Set-Aside.

DRUG MEDI-CAL PROGRAM

The Drug Medi-Cal (DMC) program provides medically necessary substance abuse treatment services for eligible Medi-Cal beneficiaries. Services include outpatient drug free, narcotic treatment program, day care rehabilitative, Naltrexone, and residential services for pregnant and parenting women.

Based upon DMC caseload estimates for FY 2002-03, which were developed by the Department's Office of Applied Research and Analysis, the Local Assistance budget reflects \$49.9 million in DMC SGF funding (\$46.8 million Regular and \$3.1 million Perinatal) and \$50.7 million in federal financial participation (\$47.6 million Regular and \$3.1 million Perinatal). This represents a decrease of \$1.9 million SGF and \$4.0 million federal financial participation from the FY 2001-02 Appropriation for DMC services [Exhibit C].

The State Support budget also includes \$3.4 million in SGF and \$3.4 million in federal financial participation for the DMC program [Exhibit C].

DRUG COURTS

The budget includes \$4.9 million for the Drug Court Partnership (DCP) Act of 2002. Of this amount, \$244,000 is for two positions in State Support, with the remaining \$4.6 million for Local Assistance [Exhibit C]. In addition, the emphasis of the DCP Program (pending passage of Assembly Bill 444) has changed to focus drug court activities exclusively on felons as opposed to its prior emphasis on felons and misdemeanants.

The budget authorizes \$6.8 million for the Comprehensive Drug Court Implementation Act [Exhibit C].

WELFARE REFORM -- CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CALWORKS)

Substance abuse can limit or impair a CalWORKs participant's ability to make the transition from welfare to work, or retain employment over a long period of time. The budget for FY 2002-03 includes \$46.4 million in the Department of Social Services' budget for the provision of treatment and recovery services to CalWORKs recipients for whom substance abuse is a barrier to employment. As reflected in the past, the CalWORKs funds for substance abuse will continue to be specifically identified in the county allocation.

FEDERAL MEDI-CAL ASSISTANCE PERCENTAGE

The Federal Medi-Cal Assistance Percentage (FMAP), which is the percentage used to determine the federal share of the Medi-Cal program, is currently 51.4 percent. In FY 2002-03, the FMAP will decrease to 50 percent effective October 2002. This FMAP decrease results in an increase in SGF, on a percentage basis, to offset the reduction in federal funds. However, due to the decrease in caseload estimates for the Drug Medi-Cal Program, there is no need to increase SGF.

THE SUBSTANCE ABUSE TREATMENT AND TESTING ACCOUNTABILITY PROGRAM

The budget includes \$8.6 million in SAPT Block Grant funds for the second year of the Substance Abuse Treatment and Testing Accountability (SATTA) Program, as authorized under Chapter 721, Statutes of 2001, SB 223 (Burton). The SATTA Program provides funding for drug testing for clients treated under the Substance Abuse and Crime Prevention Act of 2000 and can also be used for any other purpose consistent with federal SAPT Block Grant requirements.

Health Insurance Portability and Accountability Act (HIPAA)

The Department's budget for HIPAA is \$2 million (\$1 million SGF and \$1 million Reimbursements) [Exhibit C]. This represents a \$4.0 million decrease as compared to the FY 2001-02 Budget Act Appropriation for HIPAA. The budget also continues to include authority for five positions in support of HIPAA.

Women and Children's Residential Treatment Services

Of the funds appropriated for ADP's Perinatal programs, \$6.4 million is earmarked to fund existing residential perinatal treatment programs that were begun through federal Center for Substance Abuse Treatment grants but whose grants have since expired and currently are constituted as Woman and Children's Residential Treatment Services. This represents a \$0.5 million reduction from FY 2001-02.

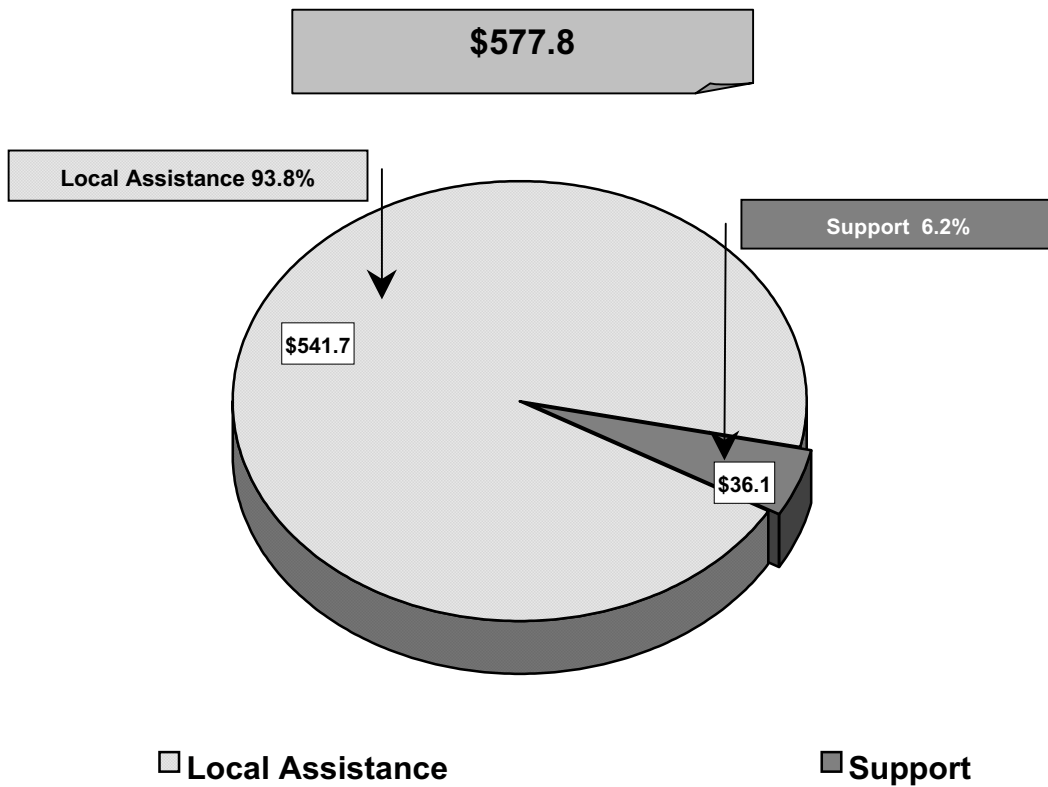
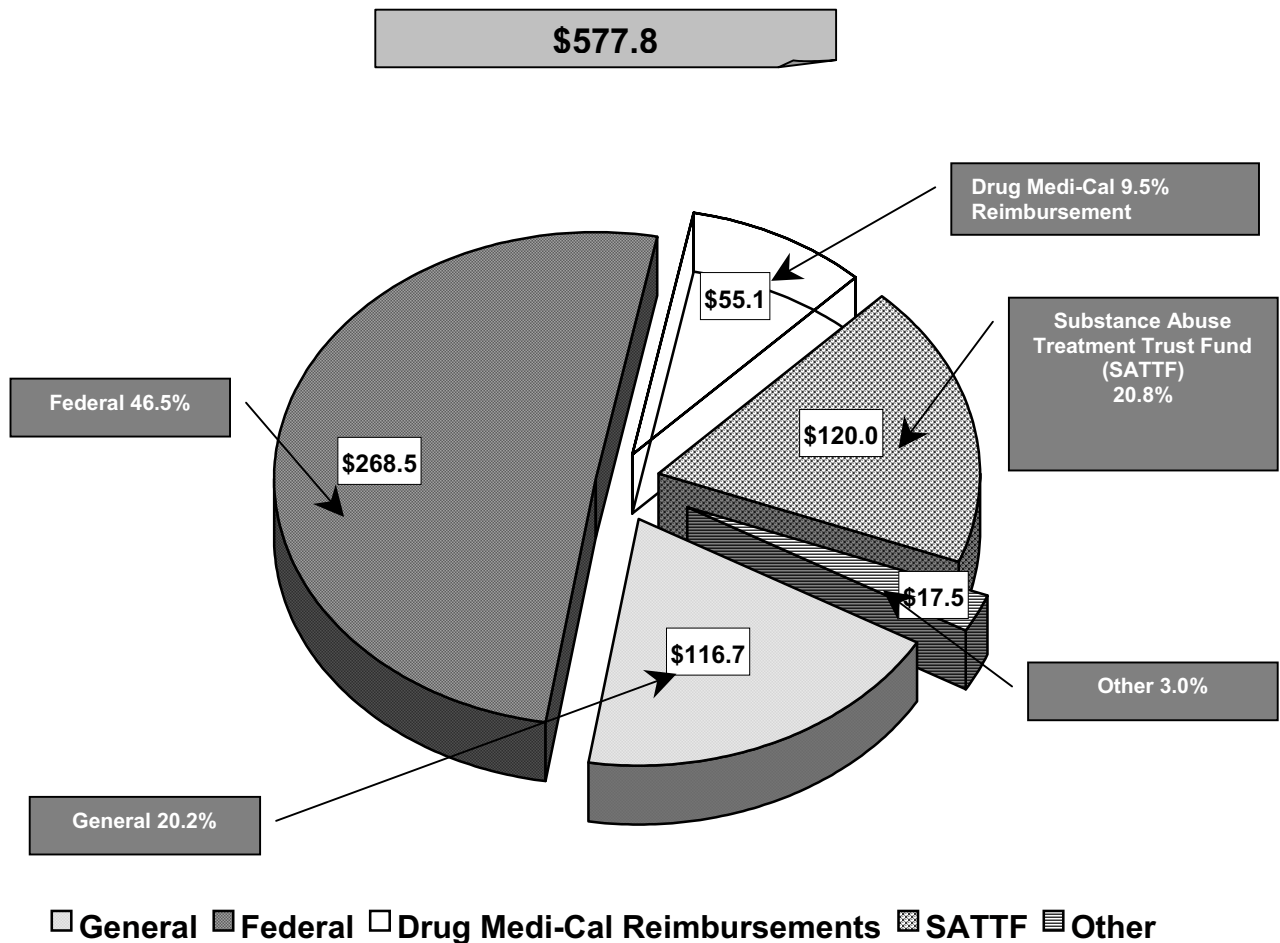
EXHIBIT A**DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
BUDGET ACT
FISCAL YEAR 2002-03****BUDGET BY CATEGORY**
(\$ IN MILLIONS)

EXHIBIT B

**DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
Budget Act
FISCAL YEAR 2002-03**

**BUDGET BY FUND SOURCE
(\$ IN MILLIONS)**



* "OTHER" INCLUDES: DRIVING-UNDER-THE-INFLUENCE LICENSING TRUST FUND, NARCOTIC TREATMENT PROGRAM LICENSING TRUST FUND, AUDIT REPAYMENT TRUST FUND, RESIDENT-RUN HOUSING REVOLVING FUND, THE DEPARTMENT OF CORRECTIONS REIMBURSEMENT CONTRACT, THE OFFICE OF TRAFFIC SAFETY REIMBURSEMENT CONTRACT, AND THE DEPARTMENT OF SOCIAL SERVICES REIMBURSEMENT CONTRACT.

EXHIBIT C

**DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
BUDGET ACT
FISCAL YEAR 2002-03**

(\$ IN THOUSANDS)

FUNDING SOURCE	CATEGORY		TOTAL BUDGET	
	SUPPORT	LOCAL ASSISTANCE		
General Fund	\$5,989	\$110,743	\$116,732	20.20%
Non-Drug Medi-Cal-Regular	\$1,156	\$17,268	\$18,424	3.19%
Non-Drug Medi-Cal Perinatal	\$0	\$23,457	\$23,457	4.06%
Drug Medi-Cal-Regular	\$3,370	\$46,811	\$50,181	8.68%
Drug Medi-Cal-Perinatal	\$62	\$3,098	\$3,160	0.55%
HIPAA	\$982	\$0	\$982	0.17%
Drug Court Partnership Act	\$244	\$4,634	\$4,878	0.84%
Comprehensive Drug Court Implementation Act	\$175	\$6,575	\$6,750	1.17%
Parolee Services	\$0	\$8,900	\$8,900	1.54%
Substance Abuse Treatment Trust Fund (Proposition 36)	\$2,977	\$117,023	\$120,000	20.77%
Driving-Under-the-Influence Program Licensing Trust Fund	\$1,781	\$0	\$1,781	0.31%
Narcotic Treatment Program Licensing Trust Fund	\$1,127	\$0	\$1,127	0.20%
Audit Repayment Trust Fund	\$67	\$0	\$67	0.01%
Federal Trust Fund	\$18,900	\$249,547	\$268,447	46.46%
Substance Abuse Block Grant	\$18,645	\$240,898	\$259,543	44.92%
Sale of Tobacco to Minors Control Account (SAPT)	(\$2,000)	\$0	(\$2,000)	-0.34%
Safe and Drug Free School	\$1,938	\$8,649	\$10,587	1.83%
Uniform Data Systems	\$317	\$0	\$317	0.05%
Resident Run Housing Revolving Fund	\$0	\$39	\$39	0.01%
Reimbursements	\$5,246	\$64,307	\$69,553	12.04%
DSS: Substance Abuse Svcs. For Indian Health Clinics	\$181	\$2,624	\$2,805	0.49%
Drug Medi-Cal-Regular	\$3,369	\$47,566	\$50,935	8.82%
Drug Medi-Cal-Perinatal	\$62	\$3,146	\$3,208	0.55%
HIPAA	\$981	\$0	\$981	0.17%
CDC: Parolee Services Network	\$411	\$10,971	\$11,382	1.97%
Office of Traffic Safety	\$242	\$0	\$242	0.04%
TOTALS	\$36,087	\$541,659	\$577,746	100.0%